

The Southern Cone Has Grown Up: Easing Advanced Arms Transfer Restrictions To Mercosur

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EXECUTIVE SUMMARY

Title: The Southern Cone Has Grown Up: Easing Advanced Arms Transfer Restrictions To Mercosur

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Thesis: The current policy of reviewing each advanced weapons transfer request by Mercosur member states on a case-by-case basis is justified in light of:

- The growing economic power of Mercosur that allows these nations to buy advanced weapons on the global arms market with or without United States approval.
- The politicization of Mercosur and its decision to allow only democratic governments into the consortium.
- The subordination of the armed services to the countries' civilian government.
- The need to ensure that Mercosur economic and security strategies are in concert with the United States National Security Strategy.
- The international arms control and monitoring agreements in which the nations of Mercosur have voluntarily entered into to ensure no nation achieves regional hegemony.

Discussion: This paper begins by providing a short historical review of United States advanced arms transfer policy towards Latin America. Succeeding chapters provide economic and political interests of the United States in Mercosur, the role of the military in Mercosur, and an analysis of the current United States policy toward advanced arms transfers to Mercosur.

Conclusion: The Clinton Administration's policy of a case-by-case review of advanced weapons transfers to Latin America, specifically Mercosur, is adequate and appropriate. This new policy treats Mercosur countries on equal footing with the rest of the world, and accepts them as equal partners in the regional security of the Western Hemisphere. A more stringent advanced arms transfer policy in view of the self-imposed restrictions these countries have instituted to control and monitor weapons coupled with their resolute support for the democracy in the region would only alienate their security policy from the United States. Furthermore, a more stringent policy may allow other foreign powers to become the preferred partners in the region.

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CHAPTER 1

INTRODUCTION

President William F. Clinton on 01 August 1997 established a new policy for a case-by-case consideration of requests for advanced arms transfers from Latin America. The previous policy had been a "presumed denial" of any Latin American advanced arms transfer requests. The decision placed Latin America on par with the rest of the world concerning advanced arms transfers from the United States. The policy change reversed the previous three administrations' policy of presumed denial of any Latin American advanced weapons transfer requests.

This paper will analyze the validity of the President's new policy on easing restrictions on advanced arms transfers to the countries of the Southern Common Market (Mercosur), especially in light of the objections from several United States Congressmen and at least one Nobel Laureate, Doctor Oscar Arias. The thesis of this paper is that the current policy of reviewing each advanced weapons transfer request by Mercosur member states on a case-by-case basis is justified in light of:

- The growing economic power of Mercosur that allows these nations to buy advanced weapons on the global arms market with or without United States approval.

- The politicization of Mercosur and its decision to allow only democratic governments into the consortium.
- The subordination of the armed services to the countries' civilian government.
- The need to ensure that Mercosur economic and security strategies are in concert with the United States National Security Strategy.
- The international arms control and monitoring agreements in which the nations of Mercosur have voluntarily entered into to ensure no nation achieves regional hegemony.

This paper will focus only on how this policy affects Mercosur and will not address the other countries of South and Central America.

Even though Mercosur is made up of Argentina, Bolivia, Brazil, Chile, Paraguay and Uruguay, this paper will primarily focus on Argentina, Brazil and Chile which comprise the bulk of the land mass, economy, population and political strength of Mercosur. Chile is not a full member of Mercosur but has joined this common market as an associate member. If it were not for the combined strength of the Argentina, Brazil and Chile, there would be no Mercosur.

The United States since early in the last century has tended to view the Western Hemisphere as its domain. President James Monroe may have set the stage for the United States' paternalistic view of Latin America on 2 December 1823 when he proclaimed that the American continents were not open to further colonization by European powers. Furthermore, President Monroe declared that a European power extending their influence into the Western Hemisphere would endanger the peace and safety of the United States. This declaration would later become known as the Monroe

Doctrine¹ and would be used for more than a century as the cornerstone for United States Latin America policy vis-à-vis foreign interference in that region.

In order to solidify the identity of the Western Hemisphere in the global political arena following World War II, twenty-one nations of North, Central and South America signed the Rio Treaty on 2 September 1947 in Rio de Janeiro, Brazil. The agreement called for cooperative military defense and the prevention of aggression within the hemisphere. In 1948, the Organization of American States adopted its charter in Bogota, Colombia, and two years later the body adopted a policy of collective hemispheric defense. The Organization of American States tasked the Inter-American Defense Board to develop the plans for collective security of the Western Hemisphere.² The signing of the Rio Treaty, the founding of the Organization of American States and the formation of the Inter-American Defense Board assured hegemony of the United States within the Western Hemisphere by virtue of its vast political and economic power. These agreements solidified in the minds of United States policy-makers the paternalistic nature in which the United States viewed the rest of the Western Hemisphere for decades to come.

Starting in the early 1950s, the threat of communism in the region predicated United States military aid to Latin America. The State Department specifically defined this problem within an article in the journal *Department of State Bulletin* dated 21 March 1955:

¹ *Grollier Encyclopedia*, CD-ROM (Novato, CA: Grolier Electronic Publishing, Inc., 1993), accessed 27 January 1998.

² United States Department of State, "The Department of State, 1930-1955: Expanding Functions and

The Communist threat to the Western Hemisphere is no less serious than that of the Axis powers before and during the war. The United States has found it necessary to give continuous attention to this threat in Latin America and to the social forces there on which it feeds—forces of unrest caused by extreme economic disparities in the Latin American countries, and of rising nationalism directed principally against foreign economic interests.³

The Communist threat took on immense proportions in the minds of the United States policy-makers. In an effort to check the Communist influence in the region, the United States backed Latin American right-wing regimes which, though not democratic, were all vehemently anti-Communist. The United States provided military aid to these same regimes to fight Communism in Latin America.

President John F. Kennedy announced his "*Alianza para Progreso*" (Alliance for Progress) on 13 March 1961 in which he reaffirmed that democracy was the foundation on which the economic prosperity and social justice of the Western Hemisphere would be built.⁴ Though the primary theme of this alliance was to promote an economic ten-year plan for the hemisphere, the call to democracy and the banishment of Communism was clear in his discourse. Shortly thereafter, United States Representative to the United Nations, Adlai E. Stevenson, remarked after touring ten capitals in South America that the majority of countries were under democratic control. However, the political stability of these regimes was under severe strain and the Communists and other extreme left-wing forces had generally gained in strength. The fall of Cuba into the Communist camp and the possibility of communist influence in other Latin American countries were the

Responsibilities," *Department of State Bulletin* XXXII, no. 821 (21 March 1955): 484. United States

³ Department of State, 484.

⁴ United States Department of State, "Alianza para Progreso," *Department of State Bulletin* XLIV, no. 1136 (03 April 1961): 471.

underlying theme of his discourse.⁵ These political views of Latin America justified United States military and economic aid to bolster weak democratic regimes against the infiltration of communism and would institutionalize a liberal arms transfer policy for the region for decades to come.

The Carter Administration during the 1970's imposed a stringent arms transfer and sales policy on Latin America that stood until 1996. The policy was one of extraordinary restrictions on United States defense sales to Latin America—a policy best characterized as one of "presumed denial." Though the policy succeeded in keeping United States advanced weapons from the region, the underlying goal to keep all advanced weaponry out the region failed because other technologically advanced nations stepped in and filled the military requirements of Latin America. Former President Jimmy Carter is still a vocal opponent against liberalizing defense sales to South America. Early in 1997, he spoke out against the proposed sale of advanced F- 16 fighter aircraft to Chile by citing concerns that the acquisition of these fighters by Chile would cause other Southern Cone countries to modernize their war material.⁶

With the demise of the Soviet Union, outright United States military aid stopped to virtually every country in South America. The United States still gives resources to some South American governments for their military services to fight illegal drug operations within their own borders. Therefore, Latin American countries are now prone

⁵ United States Department of State, "Problems Facing the Alliance for Progress in the Americas," *Department of State Bulletin* XLV, no. 1152 (24 July 1961): 139.

⁶ "Carter Expresses Concern Over Possible Arms Race" (text), Brasilia *Rio de Janeiro Jornal Do Brasil* (24 January 1997), 12. Translation by Foreign Broadcast Information Service, Foreign Broadcast Information Service, Asuncion, Paraguay, message to AIG 4673 and others. Serial PY2501010397, 250103Z January 1997.

to purchase advanced weapons on the world market. The previous relationship derived from being a recipient of United States military aid no longer exists. Therefore, these governments are no longer bound to purchase weapons from the United States. Without advanced weapons from the United States within their arsenals, the United States cannot influence the policies of Latin American countries by restricting spare parts, munitions and training.

President Clinton on 1 August 1997 eased the restrictions on advanced arms transfers to Latin America, and his administration initiated a case-by-case review of each request. The Administration implemented the policy in a way that serves the objective of promoting stability, restraint and cooperation in the region. The policy acknowledges the maturity, cooperation and dialogue extant in the region, and the need these civilian governments have to modernize their militaries. The approach specifically addresses the need that defense modernization occur responsibly and with restraint.

CHAPTER 2

ECONOMIC AND POLITICAL INTERESTS OF THE UNITED STATES IN MERCOSUR

Argentina, Brazil and Chile are among the most socially and economically developed countries of South and Central America.

[The region has] . . .at least 240m people, with an output well over \$1 trillion, [stretches]... from the Brazilian north-east to Chile's Pacific coast, over what can be called (taking some geographical liberty with Brazil) South America's southern cone.⁷

Mercosur, through its member states, has access to both the Atlantic and Pacific Oceans for maritime trade. Three of the countries—Argentina, Chile and Uruguay—have well educated populations with literacy rates well over 90 percent. Argentina, until recently, had free, universal post-secondary education which resulted in a surplus of professionals; doctors, engineers, and architects can be found driving taxis in Buenos Aires because of a lack of jobs within the professional sectors. Ironically, Argentina as well as its neighbors in Mercosur is experiencing a shortage of skilled laborers—those workers skilled in the manufacturing industries.

⁷ "A Survey of MERCOSUR — Remapping South America," *Economist* 341, no. 7987 (12 October 1996): MERCOSUR Survey 3.

All of the Mercosur countries have freely-elected, politically stable democracies. Their governments have succeeded in subordinating their militaries to civilian control and the region has institutionalized the democratic form of government. The tangible economic benefits of Mercosur for the people of this region appear to have extinguished long smoldering societal suspicions between the Mercosur member states.

Though some Mercosur countries may enjoy a surplus of professionals, a potential problem is the exclusion of entire sectors of the low to middle class from mainstream society by the rapid adoption of a free-market economy. The Latin American countries have had a reputation historically for bloated government payrolls and heavily subsidized government-owned industries. With the privatization of state-owned enterprises, and the shrinking of the government work force, "unemployment is the single most compelling economic issue in the region at the close of the millenium."⁸ The free-market society introduced to this area and embraced by the countries has induced companies and multi-national enterprises entering the market to cut costs and waste. Some of these cost-cutting measures entail dismissals of unskilled workers who cannot be re-assimilated into the working class. In 1995, five Latin American countries had unemployment rates above 15 percent with Argentina leading with 17 percent unemployment.⁹

Chile has taken the lead in attempting to resolve the unemployment issue. In an attempt to address the concerns of industry for a skilled work force, the government will

⁸ David Schrieberg, "Dateline Latin America: The Growing Fury," *Foreign Policy*, Summer 1997, 171.

⁹ Schrieberg, 168.

create 20,000 new classrooms and upgrade the skills of 25,000 teachers through a \$1.4 billion improvement program generated by an increase in taxes. The opposition parties within government, which normally are at odds with the party in power, are backing this program.¹⁰ With the rapid influx of international business firms competing in the Mercosur economic environment, skilled workers who are competent at operating high technology equipment will be in ever increasing demand. A skilled work force, trained within the national education system, should satisfy the employers while at the same time keeping unemployment down.

UNITED STATES ECONOMIC STAKE IN MERCOSUR

The United States has declared its intent along with Mercosur to join the Western Hemisphere Free Trade Area Agreement by the year 2005. The United States cannot afford to ignore the Southern Cone of South America until then. These countries have put aside most of their nationalistic animosities and have organized, albeit loosely, into a formidable trading bloc. By the year 2001, estimates place the total output of these six nations—Argentina, Brazil, Bolivia, Chile, Paraguay and Uruguay—at over one trillion United States dollars with a population of 240 million. Mercosur is a burgeoning market for United States goods and a storehouse of raw materials with a relatively skilled workforce if education programs are instituted.

The Gross National Product of Mercosur in 1995 was \$991 billion, placing it fourth after the North American Free Trade Agreement economic group, the European

¹⁰ Schrieberg, 172.

Union and Japan.¹¹ The average real Gross Domestic Product (GDP) growth from 1991 to 1996 was 3.8 percent as compared to a 2.0 percent growth in the United States.¹²

The real Gross Domestic Product growth for Mercosur may have been greater, but Argentina suffered significantly from the poorly managed Mexican government Peso devaluation in December 1994. The failure of the Mexican government Peso devaluation program created the "Tequila Effect." Global investors lost confidence in the Mexican economy and in all Latin American economies in general, and they withdrew investment funds from these countries. The withdrawal of investment funds from the Argentine economy caused the money supply to shrink and the economy to decrease by 4.4 percent.¹³ The "Tequila Effect" negatively affected Brazil's economy and drove Mercosur's Gross Domestic Product growth down to 1.2 percent for 1995. The "Tequila Effect" was an atypical economic phenomenon that is not likely to reoccur. Financial investors worldwide have studied this financial crisis and concluded that an economic crisis in one Latin American country does not necessarily foreshadow a regional economic crisis.

The European Union is posturing to become a major economic trading partner of Mercosur, Argentina, Brazil and Chile have close cultural ties with Europe. Argentines, for example, are for the most part second-generation sons and daughters of immigrants from Italy, Spain and Great Britain. In many cases, the mother countries maintain close

¹¹ Ministry of Foreign Affairs, International Trade and Worship, International Economic Relations Secretariat, Argentine Republic, "Mercosur," slide 006. <http://seced.mrecic.gov.ar/Mercosur/sld001.htm> (28 December 1997).

¹² Ministry of Foreign Affairs, slide 022.

¹³ "A Survey of MERCOSUR — Remapping South America," MERCOSUR Survey 15.

cultural ties within these Argentine immigrant communities. These cultural ties extend deep into the economic fiber of Mercosur. The European Union is Mercosur's largest economic trading partner accounting for 25 percent of all imports. Conversely, 25 percent of all exports from Mercosur are to the European Union. By comparison, 14 percent of Mercosur exports go to the United States while 20 percent of imports are from the United States.¹⁴

The European Union is lobbying to be the primary trading partner of Mercosur. French President Jacques Chirac, during an official visit to Latin America early in 1997, unabashedly asked that Mercosur "look to Europe rather than the United States for future trade growth."¹⁵ Mercosur and the European Union agreed in principle during December 1995 to set a tentative target date of 2005 for free trade between the two economic blocs. The North American Free Trade Area (NAFTA) and Mercosur have also set the year 2005 for the establishment of free trade between these two blocs.¹⁶ Obviously, the countries of Mercosur are playing the two economic superpowers against each other to promote global free trade agreements to the benefit of Mercosur. The economic potential of the Southern Cone of South America should not be underestimated, nor off-handily dismissed as an aberration with no future benefit to the United States

¹⁴ Ministry of Foreign Affairs, International Trade and Worship, International Economic Relations Secretariat, Argentine Republic, slide 018.

¹⁵ Emeric Lepoutre, "Europe's Challenge to the US in South America's Biggest Market," *Christian Science Monitor* [Online], 08 April 1997, 19.
<http://fastweb?getdoc+plain1+archives+1/8/86++ED%3D199/0408%20AND%20marke> (01 December 1997).

¹⁶ "A Survey of MERCOSUR — Remapping South America," MERCOSUR Survey 6.

The European Union is not the only foreign entity interested in establishing closer economic ties to Mercosur. This South American economic bloc is negotiating trade agreements with Mexico, the Andean Group, Japan, India, Switzerland, South Korea, the Commonwealth of Independent States (CIS) and the Association of South East Asian Nations (ASEAN). The United States must be actively engaged within the economic framework of the Western Hemisphere and take a leadership role in Latin America, specifically Mercosur. As the United States President asserts in the 1997 National Security Strategy, "In a world where over 95 percent of the world's consumers live outside the United States, we must export to sustain economic growth at home. If we do not seize these opportunities, our competitors surely will."¹⁷

With the inclusion of Chile into Mercosur as an associate member in October 1996, the Asian market is now open to Mercosur through the Pacific Ocean seaports of this nation. From the western Pacific, Japanese Prime Minister Ryutaro Hashimoto expressed an interest in starting a dialogue with Mercosur during a visit in August 1996.¹⁸ Imports from Asia through Chile accounted for 13 percent of the total Mercosur imports for 1996, while Mercosur exports through Chile to Asia for 1996 accounted for 16 percent of the total exports for that year.¹⁹ Clearly, Mercosur is positioned to take advantage of the European, Asian and Western Hemisphere economic markets.

¹⁷ United States President, *A National Security Strategy For A New Century*, May 1997, 15.

¹⁸ "A Survey of MERCOSUR — Remapping South America," MERCOSUR Survey 6.

¹⁹ Ministry of Foreign Affairs, International Trade and Worship, International Economic Relations Secretariat, Argentine Republic, slides 18 and 19.

MERCOSUR AS A POLITICAL ENTITY

Mercosur is primarily an economic bloc formed to provide free trade among its members and to organize the member states into a powerful organization able to negotiate in a more competitive world market.²⁰ However, an attempted military coup in Paraguay in April 1996 demonstrated the veiled political power that the Mercosur has over its members. On 22 April 1996, Paraguayan President Juan Carlos Wasmosy dismissed Army Commander General Lino Oviedo, but the General refused to step down. After a tense standoff in which the United States threatened to cut military and economic aid, the other Mercosur countries exerted pressure on the recalcitrant Army Commander by subtly threatening to expel Paraguay from Mercosur. General Oviedo stepped down in exchange for the civilian Minister of Defense position. The following week, President Wasmosy after reviewing the political support his government had received from the United States and Mercosur withdrew his offer to allow General Oviedo to assume the position of Minister of Defense. The General accepted the decision. In a press release from the White House, the United States praised the efforts of Mercosur in securing a peaceful resolution to the attempted coup and ensuring that a democratic government remained a prerequisite for membership in Mercosur.²¹

²⁰ "A Survey of MERCOSUR — Remapping South America," MERCOSUR Survey 5.

²¹ United States Department of State, "Hemispheric Support For Democracy in Paraguay," *United States Department of State Dispatch* 7, no. 17 (22 April 1996): 203. CD-ROM, Military Fulltext, accessed 23 December 1997.

In a meeting of the presidents of Mercosur on 25 June 1996, the heads of state signed a "'democracy guaranty clause' which would suspend commercial benefits to any country that strayed from democratic principles."²² By signing this clause, Mercosur became a political organization, though not fully integrated like the European Union, but moving in that direction. Nonetheless, Mercosur countries are not apt to let consensus guide the foreign policy direction of the bloc. Argentina, Brazil and Chile are too nationalistic to allow Mercosur to dictate foreign policy decisions to them. Of note, the "democracy guaranty clause" reduces the possibility that one member of Mercosur may succumb to an undemocratic form of government because the risk in doing so is the loss of a lucrative membership in Mercosur.

²² Calvin Sims, "Chile Will Enter a Big South American Free-Trade Bloc," The New York Times, 26 June 1996, Sec. D2.

CONCLUSION

Mercosur is an economic and a political resource in which the United States needs to play a major role. The United States by virtue of its geographical proximity is the ideal choice as the major trading partner of Mercosur. As the National Security Strategy clearly states:

The second core objective of our national security strategy is to promote America's prosperity through efforts both at home and abroad. Our economic and security interests are inextricably linked. Prosperity depends on our leadership in the global economy.²³

The United States needs to engage Mercosur actively to position itself as a preferred trading partner in 2005 when the trade barriers between the North American Free Trade Agreement bloc and Mercosur fall. Otherwise, the United States risks becoming a lesser partner to Mercosur within the global economic arena.

A way to demonstrate our willingness to engage this important economic bloc as equal partners in the Western Hemisphere has been the relaxation of restrictions on advanced arms transfers to this region. This action demonstrates in a tangible manner the trust the United States has in Latin America—specifically Mercosur. The policy does not give preference to Latin America in sales of advanced weapons, but rather places them on an equal footing with the rest of the world. Politically, Mercosur has demonstrated its overriding commitment to the ideals of democracy, which is a cornerstone of United States foreign policy.

²³ United States President, 14.

CHAPTER 3

ROLE OF THE MILITARY

The role the military establishment plays within the countries of Argentina, Brazil and Chile has changed within the last 10 to 15 years. This change is important in understanding why the possibility of an arms race or military overthrow of a civilian government in Mercosur is remote. The nations of Mercosur have evolved into democracies and the preeminent influence the armed services once played in their governments has diminished. At one end of the spectrum, the conservative Chilean military under the tutelage of General Augusto Pinochet Ugarte, one time military dictator, still enjoys a protected status within the democratically elected civilian government of Chile. At the other end of the spectrum, the Argentine civilian government has vanquished the military to the fringes of society and left it with virtually no influence in the government. In both Argentina and Chile, civilian governments are restricting the activities of their military establishments in response to military human rights abuses of the past. Bolivia, Brazil, Paraguay and Uruguay also enjoy democratic governments with a military under civilian control and are somewhere in the middle of this spectrum.

Within the last decade, Argentina, Brazil and Chile have shifted their government's focus from their defense establishments to economic and social issues. This shift in focus has not only decreased the funding available to the military, but in the eyes of society has given rise to questioning what role the military now plays in the nation. All of the Mercosur countries for the most part agree that internal and external security threats are remote, so a clearly defined mission for the military forces of each nation is hard to articulate. Additionally, the defense sector is losing high quality personnel to the private sector, which can entice service members with more compensation. *Aviation Week & Space Technology* reported in a March 1996 article, "The stabilization and growth of economies in Chile and Argentina aggravate the military forces' predicament by creating better job opportunities in the private sector that lure the most skilled military personnel."²⁴

ARGENTINA

Argentina has gone the furthest in subordinating its military to the civilian government of all the countries within Mercosur. 14 June 1982 marked the surrender of the Argentine armed forces to the British on the Falkland/Malvinas Islands and the end of the military's grip on the government of Argentina. President Raul Alfonsin (1983-1989), the first freely elected government head after the Falkland/Malvinas Islands War, entered office intent on punishing the military for their conduct while running the government. He specifically addressed the human rights atrocities conducted during the

²⁴ "Upgrades Supplant New Buys in Latin America," *Aviation Week & Space Technology*, 4 March

"Dirty War" and the shambles the military made of the Argentine economy.²⁵ President Carlos Saul Menem (1989 — present) continued the weakening of the Argentine defense establishment. By 1994, "the Menem Government ... [had] cut military spending in half; reduced the armed forces to 20,000 troops from 100,000, retreated from unprofitable military enterprises and abolished mandatory military service in favor of a professional force."²⁶

President Menem is unquestionably in control of the Argentine armed forces. He demonstrated his control in October 1996 when he cashiered the Chief of the Joint Staff, and the Navy and Air Force service chiefs. They had not supported his military reforms and had made authoritarian statements to the media in the months preceding the dismissals. The sole service chief to survive was General Martin Balza, the Army Chief of Staff, who had been a long-time proponent of loyalty to the Argentine constitution and obedience to civil authorities.²⁷

Argentina has been the most resistant to a liberalization of the United States advanced arms transfer policy. They have suggested that a relaxed advanced arms transfer policy to the region will cause an arms race.²⁸ A more likely reason is that

1996, 49.

²⁵ Wendy Hunter, "Contradictions of Civilian Control: Argentina, Brazil and Chile in the 1990s." *Third World Quarterly* 15, no. 4 (Winter 1994), 633. CD-ROM, Military Fulltext, accessed 23 December 1997.

²⁶ Calvin Sims, "Argentina Demotes Its Once-Powerful Armed Forces," *The New York Times*, 24 November 1994, Sec. A3.

²⁷ Calvin Sims, "Argentina's Military Reshuffle Makes It Clear President Is Boss," *The New York Times*, 12 October 1996, Sec. A11.

²⁸ Sims, Calvin. "Some in Latin America Fear End of United States Ban Will Stir Arms Race," *The New York Times*, 03 August 1997, Sec. A1 1

having other countries re-arm with modern weapons in the region would give justification to Argentina's own armed services' requests to modernize their arsenals.

The Argentine armed services major operational mission today is United Nation's peacekeeping. In the latter part of 1997, Argentina had 533 troops involved in peacekeeping operations.²⁹ Some officers within the Argentine defense establishment believe this type of mission detracts from the armed service's primary *raison d'être* which is to protect the sovereignty of the nation. However, there is no denying that the experience these soldiers gain in hotspots throughout the world is valuable to the Argentine Armed forces. Even so, while in Argentina the armed services' meager defense budgets allow little time for field exercises or training.³⁰

A potential problem on the Argentine political landscape is the increasing visibility of the powerful center-left opposition Alliance political party that is calling for new trials of military officers involved in human rights violations during the "Dirty War." After President Alfonsín took power in 1983, he granted amnesty to virtually all service members as a venue for national reconciliation. President Menem subsequently granted amnesty to those few officers who had been tried and imprisoned. Many Argentines believe that these officers granted amnesty are now living off illegal fortunes obtained during that era. If the opposition parties win the presidential election in 1999, they may call for new trials of military officers suspected of human rights violations. If the

²⁹ United Nations, "Monthly Summary of Troop Contributors to Peacekeeping Operations." <http://www.un.org/Depts/dpko/troop/troop.htm> (31 December 1997).

³⁰ The author was the United States Assistant Naval Attaché to Argentina from 1994 to 1997 where he had the opportunity to listen to several discussions between high-ranking Argentine and United States military officers regarding this issue of Argentine participation in United Nations operations.

government asks assistance from the armed services to provide evidence against these officers, a showdown between the government and the military may occur.³¹ However, any refusal on the part of the military, which has little public support, to provide evidence would be a transitory and purely political statement. The armed services are incapable of removing the democratically elected government and replacing it with a military dictatorship. Incidentally, an act of military defiance by not providing assistance to the democratically elected civilian government would further weaken the eroded prestige of the armed services in the eyes of Argentine citizens.

BRAZIL

The Brazilian military ruled the country from 1964 to 1985. During its time in power, it legitimized its rule by successfully countering domestic insurgency activity, a source of pride within the Brazilian defense establishment because they used no outside assistance to pacify this threat to the nation. Concurrently, from 1968 to 1973, the annual economic growth rate grew an average of 11 percent, further legitimizing the role of the military in the government. Upon the military's departure from the seat of government in 1985, the armed services came under the control of the President of the nation. Constitutionally they report to no other civil authorities. Even so, the influence of the Brazilian congress and the civilian ministries has gradually increased in global security issues.³²

³¹ Anthony Fialo, "Argentines Debate Torture Site's Future," *Washington Post*, 11 January 1998, Sec. A21.

³² Scott D. Tollefson, "Civil-military Relations in Brazil: The Myth of Tutelary Democracy.

The Brazilian defense establishment has been able to counter a continual decline in their share of the overall national budget. As with other South American defense establishments, competition with other governmental agencies for scarce fiscal resources is fierce. Brazil, as well as the other countries in Mercosur, has few threats to its sovereignty. Therefore, justifying massive outlays of resources to the military is virtually impossible. However, the government has reversed the negative trend in budgeting fiscal resources for the Brazilian military. Annual defense budgets show an increase each year from 9.8 billion dollars in 1995 to 12 billion dollars in 1997.³³

The Brazilian armed services are now concentrating on an internal civic action role. The majority of Brazilians view the problem of poverty as a serious and immediate threat to the nation. The deployment of troops for a civic action role is less costly than manning and equipping them to counter an external threat. Though most in the military understand the need to become involved in civic actions, some still resist this non-combatant role.³⁴ However, democracy has firmly embedded the military within its framework, and the potential for a coup is remote, especially within the structure of Mercosur.

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³³ International Institute for Strategic Studies, *The Military Balance 1997/98* (London, England: Oxford University Press, 1997), 208.

³⁴ Hunter, 633.

CHILE

The Chilean military has fared the best among the major Mercosur countries' armed forces. The country had been under the dictatorship of General Augusto Pinochet Ugarte, the Chilean Army Commander in Chief General Pinochet secured control of the government in 1973 after a military coup in which the democratically elected President, Salvador Allende who was a Marxist, died. For fifteen years, the General ruled the country. In 1988, after a plebiscite in which the voters rejected his rule, the General let go of the reins of power but maintained control of the Chilean Army. "Through the 'designated senators' in Chile's upper house, who are picked by the military and other public institutions, he can block changes he finds distasteful, including attempts to investigate crimes committed during his dictatorship."³⁵

The Chilean armed forces budget is linked to the copper industry and to the inflation rate. By law, ten percent of the annual revenues of the Chilean National Copper Corporation (Codelco) go directly to the coffers of the Chilean armed services. Additionally, as part of the turnover of power from General Pinochet to the civilian government, the Chilean government guaranteed to link annual budget increases to the annual inflation rate using the 1989 budget as a baseline. Even with these funds, the current budget does not allow for major expenditures for the entire armed forces, but it does allow for the modernization of certain elements within the armed services.³⁶ The

³⁵Anthony Fialo, "Pinochet: 'National Father or Bloody Killer?'" *Washington Post*, 08 December 1997, Sec. A26.

³⁶ Supplant New Buys in Latin America," *Aviation Week & Space Technology*, 4 March

current modernization effort revolves around acquiring new fighter aircraft for the Chilean Air Force.

The influence of the Chilean military on the civilian government will probably not lessen in the near future. With institutional safeguards protecting its budget and its involvement in the congressional decision-making process, the future for the Chilean Armed Forces appears stable. However, General Pinochet is 82, and his ability to continue wielding power in Chile will be curtailed in the near future, if not through retirement then through natural causes. The military commands respect within Chilean society. They played a significant role in the economic prosperity that Chile now enjoys. The future of the Chilean armed forces appears secure.

Bolivia, Paraguay and Uruguay do not have significant militaries, and their governments have subordinated their militaries to civilian rule. These armed services when compared to Argentina, Brazil and Chile are small in comparison. The military leadership appears to understand that the power in the region is the combined economic power of Mercosur, as demonstrated in the 1996 attempted coup in Paraguay.

MILITARY LEGITMACY BY PARTICIPATING IN UNITED NATIONS PEACEKEEPING OPERATIONS

Argentina, Brazil, Chile and Uruguay participate in United Nations peacekeeping operations and, by doing so, these countries provide support for the underlying principles of the United Nations. Argentina provides the bulk of the approximately 600 troops sent abroad to peacekeeping missions from the Mercosur countries.³⁷ In order to participate in these combined operations, some degree of military technological interoperability is required with modern United States and Western European forces. The interoperability issue is a concern of the Mercosur countries as they attempt to modernize their armed forces to achieve some modicum of interoperability with more modern armed forces. A restrictive arms sales policy could stymie the efforts of the Mercosur nations to become interoperable with other advanced nations' militaries and could lead to them diminishing their involvement in United Nations peacekeeping missions.

MILITARY EXERCISES AND COOPERATION

The level of peacetime military cooperation within Mercosur has risen dramatically in the wake of its establishment. "Mercosur has done more than just integrate traditionally isolated economies. It has opened channels for cultural, political

³⁷ United Nations, *"Monthly Summary of Troop Contributors to Peacekeeping Operations."* <http://www.un.org/Depts/dpko/troop/troop.htm> (31 December 1997).

and military dialogue.”³⁸ In April 1996, Argentine and Brazilian military forces agreed to conduct joint peace-time military exercises in northern Argentina—the first joint operations since 1865 when the countries of Argentina, Brazil and Uruguay formed the Triple Alliance against Paraguay. The scenario of this exercise was based upon a United Nations peacekeeping mission and is indicative of what these Mercosur countries believe are the future missions and tasks for the militaries of the Southern Cone. This type of operation relies on cooperation rather than on direct conflict.

The Argentine and Brazilian naval forces have been actively engaged in joint training for a number of years. Beginning in 1978, these two navies have held the annual naval exercise *Fraterno* (goodwill). Each country alternates hosting this exercise, and tie operations draw high-level command attention. The two countries perform combined planning, rotate command tasks and host observers on each other's ships.³⁹ This exercise goes far in promoting transparency and close cooperation between the two navies while professionally and socially engaging the officers and sailors of the two nations.

Another cogent example of the close cooperation between the navies of Argentina and Brazil was the joint naval aviation exercises conducted during operation ARAEX in 1993. As the Argentine's aircraft carrier was inoperable and not able to sortie, the Brazilian offered their aircraft carrier as the launch and recovery platform for the Argentine Navy's S-3 Tracker Anti-submarine Warfare aircraft and the Super Etenard Fighter Aircraft. The Argentines received much needed experience on carrier operations,

³⁸, Fábio Lacerda Soares Petrarolha, "Rivals to march side by side," *The Bulletin of Atomic Scientists* 52, no. 5 (September — October 1996): 14

³⁹ Pedro Luis de la Fuente, "Confidence-Building Measures in the Southern Cone," *Naval War*

and the Brazilian Navy received experience in launching and recovering foreign aircraft in a coalition environment.

Chile has been hesitant to engage in large-scale exercises with neighboring countries for the time being. High level contacts between the joint staffs and ministries of defense of Argentina and Chile have been on-going, but the sense of hostility and mistrust between the militaries of these two nations needs time to dissipate. However, as both the militaries of these two countries are firmly entrenched in the democratic form of government, and almost all the territorial disputes between them have been peacefully resolved, the justification to engage in belligerent conduct no longer exists. Mercosur can expect in the future to see these two nations exercising together in much the same way as Argentina and Brazil exercise today.

CONCLUSION

The potential for a military coup within Mercosur is remote considering the economic loss a potential military government can expect if it succeeds. The Mercosur "democracy guaranty clause" which the member states signed assures that the prosperity shared by this economic bloc will not be shared by any nation which steps outside the bounds of a democratically elected government. Countries in which the military is firmly subordinated to the democratically elected government will most likely not initiate arms race within the region, especially when their populations are enjoying the fruits of economic prosperity as a member of Mercosur.

Additionally, Argentina and Brazil are engaging each other in Army and Navy exercises and, in doing so, demonstrating a high level of transparency in their defense establishments. Chile and Argentina are also engaging each other in high level exchanges at the defense and joint staff levels. Nowhere in the region are there suspicions as to the intent of the militaries.

The militaries of Mercosur have matured into responsible members of the democratic governments of the region. They demonstrate remarkable transparency to each other as well as to their civilian defense establishments. A more restrictive United States' advanced arms sales policy to these countries would do little in changing the scope of their involvement in either domestic or international affairs as they are fully subordinated to their civilian leadership. Furthermore, with or without United States government approval, if the civilian leadership thinks it is necessary to purchase advanced weapons for their armed services and they have the funds, they can purchase these arms on the global weapons market.

CHAPTER 4

UNITED STATES POLICY TOWARDS ARMS TRANSFERS TO MERCOSUR

INTRODUCTION

The 1997 National Security Strategy comments on the imperative of engaging other states in order to provide for our own security:

"First, we must be prepared and willing to use all appropriate instruments of national power to influence the actions of other states and non-state actors. Second, we must have the demonstrated will and capabilities to continue to exert global leadership and remain the preferred security partner for the community of states that share our interests."⁴⁰

The Mercosur countries share the commitment of the United States to a democratic form of government through the support and commitment of their own governments to maintaining democracy in the region. The prompt commitment of Mercosur diplomatic pressure on the Paraguayan military during their coup attempt in the spring of 1996 is a clear indicator that authoritarian forms of government are no longer welcome in the Southern Cone of South America. If the United States is to remain the preferred security partner for Mercosur, than a bond of common respect and trust in the pertinacity of the

⁴⁰ United States President, 2.

democracies of the Southern Cone must develop. If the current administration had chosen a more restrictive advanced arms sales policy to Latin America, the decision would not have endangered democracy within these nations. However, such a foreign policy decision may have eventually caused these nations to distance their collective security strategy from the security strategy of the United States.

OVERVIEW OF PAST POLICY

The United States policy of banning advanced weapons sales to Latin America in the 1970's and 1980's was intended as an indicator of our displeasure towards the predominantly undemocratic, military governments of the region. However, the United States thought of these governments as unavoidably necessary in order to fight the leftist subversive movements that had sprung up throughout the region. The ban on advanced weapon sales demonstrated a lack of trust in these military governments and attempted to forestall an arms race between these combative nations. "The policy certainly kept ... [Latin American] countries from obtaining modern United States weapons, but did not deny them any capability they desired."⁴¹

While the United States was engaged in a unilateral advanced arms ban to the region, other countries were providing the desired capabilities to whoever was willing to pay within the region. For example, in the last two decades, the United States made one major sale of advanced weapons to South America—24 F-16 Fighting Falcon fighters to Venezuela. The sale of F-16 fighters to Venezuela was a counter by the Reagan

⁴¹ Aerospace Industries Association and others, Letter to the President of the United States, Subject:

Administration to Cuba's acquisition of Soviet MIG-23 fighters in the early 1980s.⁴² In a letter to Secretary of State Warren Christopher dated 26 April 1996, 38 Senators led by Senator Jesse Helms stated:

"During this same period the French alone have sold some 200 fighters to seven countries. The sale of 200 F-16s would have represented an export in excess of \$4 billion, approximately 80,000 jobs and sustained millions of dollars in follow-up equipment and work."⁴³

ARGUMENTS AGAINST A MORE LIBERAL POLICY

Numerous activists for peace, to include Nobel Laureate Oscar Arias, have noted that a more liberal advanced arms transfer policy will undermine the democratic governments of the Latin America. They also lament the possibility of a new arms race at the expense of the poorest sectors of the population and the overall economic welfare of the region. Several Congressional members have also taken views opposing a more liberal policy towards the sale of advanced weapons to Latin America. In a letter to President Clinton dated 26 April 1996. Congressman Joseph P. Kennedy and others cited long standing border disputes between countries which could be re-ignited by easing the flow of weapons into the region. Other concerns revolve around the expenditure of scarce resources by these countries on defense at the expense of social and economic programs for the poor. The Congressmen also minimized the impact a continued ban on

"Latin American Arms Sales," 28 June 1996

⁴² "United States Ranks First In Latin Sales," *Aviation Week & Space Technology*, 15 September 1997,42.

⁴³ McCollum, the Honorable Bill and others, letter to the Honorable William J. Perry, U06386/96, subject: "Latin America," 26 April 1996.

advanced weapons sales to Latin American would have on the United States defense industry.⁴⁴

The argument against liberalizing transfers of advanced weaponry to Latin America from the point of view of those wanting to maintain strict arms transfer control to Latin America has four essential points. First, a liberal arms transfer policy will incite an arms race in Latin America as more varieties and larger quantities of advanced weaponry are released by the United States into the open market. Second, as these Latin American governments re-arm themselves with advanced weaponry, they will tend to resort to armed conflict to rectify border disputes which before had previously been handled in the diplomatic arena. Third, as the military becomes more powerful as a result of acquiring advanced weaponry, they will overshadow the fledgling democracies of Latin American, and endanger the democratic government which the United States wants to help to foster and grow. Fourth, the countries that rearm themselves will do so at the expense of their own economic welfare and the welfare of the poorest sectors of their population.

⁴⁴ Kennedy II, the Honorable Joseph P. and others letter to the President of the United States, Subject: "Latin American Arms Sales," 26 April 1996.

RESPONDING TO ARGUMENTS AGAINST A MORE LIBERAL POLICY

The Mercosur countries are so closely engaged economically that the modernization of their militaries does not portend a new arms race in the Southern Cone of South America. There can be no denying that in a perfect world, defense monies could be re-routed to programs that support the poor and buildup the economic well being of the nation-states. However, no single nation, to include the United States, can stop a sovereign state from buying advanced weapons on the world market. A global and concerted effort by the major arms exporting nations of the world to curtail arms sales to developing nations may have some success. However, the current market for advanced arms and the lack of consensus by the major arms exporting countries preclude a realistic or viable cessation to this bellicose business.

A problem with a restrictive policy on advanced weapons sales to Latin America is that it treats the entire region as one entity. Mercosur is the most diplomatically, socially, economically stable and progressive bloc of Latin America. A United States initiative to restrict unilaterally the flow of advanced weapons to Latin America while working with our allies to curb their flow of advanced weapons to the area is well intentioned but not feasible in the short-term. Other countries with domestic weapons industries are no less susceptible to internal pressure from their industries to export weapons than the United States. The United States criteria for selling advanced weapons to Latin America should not be a regional ban of these sales, but a deliberative case-by-case appraisal of each request, which is the current policy of the Clinton Administration.

Border Disputes Resolved

Within Mercosur, only two territorial conflicts exist. The first is one minor border dispute between Argentina and Chile that should be resolved within the near future. The other territorial dispute that will probably not be resolved anytime in the near future and is a source of considerable consternation within Argentina is the issue of Argentine sovereignty over the British Falklands/Malvinas Islands. Neither of these disputes is in danger of erupting into an armed conflict.

Argentina and Chile have had the most serious conflicts of interest within Mercosur. As recently as 1979, they were prepared to go to war over a territorial dispute in the Beagle Channel. Only the arbitration of the Vatican prevented a major war between these two countries. In 1990, there were twenty-four unsettled border disputes between Argentina and Chile. By October 1994, all but one of the border conflicts had been peacefully resolved. The final area of disagreement is the Hielos Continentales (Continental Ice fields) border dispute, which a neutral party arbitrated in favor of Argentina.⁴⁵ Once both nations ratify the arbitration, all the border disputes between the two countries will have been peacefully resolved and a source of friction removed.

The United Kingdom and Argentina still disagree on the issue of who has sovereignty over the Falklands/Malvinas Islands, but the disagreement remains well segregated in the diplomatic arena. Since the cessation of hostilities in 1982, the two countries have reestablished diplomatic and economic relations. Joint oil exploration and

⁴⁵ de la Fuente, 55.

fisheries conservation around the islands has been junctures in the economic arena.

Furthermore, constructive discussions on communications between the islands and Argentina, and means for decreasing military friction in the area continue.⁴⁶ Though strongly felt convictions regarding sovereignty of these barren islands exist in both the hearts of the Argentines and the British, the possibility that Argentina and the United Kingdom would re-engage in armed hostilities is remote.

No Danger of an Arms Race

None of the major nations of Mercosur are trying to re-arm themselves with modern first line advanced weaponry in order to achieve hegemony in the Southern Cone. Within Mercosur, Chile has arguably the most modern arsenal of weapons. Even so, when compared with the geographical size of Brazil and Argentina, Chile's modern arsenal is of questionable utility if they planned to attack either nation decisively. The real concern among Mercosur is that their domestic arsenals are rapidly becoming obsolete and the cost to maintain and safely operate this equipment is becoming prohibitive. Even when properly maintained, the cost versus gain of retaining old and obsolete equipment does not justify the expense.

Argentina pays little attention—fiscal or otherwise—to its armed services. Because of the military's gross mismanagement of the economy under past regimes, capped by its defeat in the Falklands-Malvinas Islands war, the armed services have lost significant prestige within Argentine society. The dissolution of the military draft system

⁴⁶de la Fuente, 54.

in 1996 further isolates the armed services in the mid- to long-term. Accordingly, because of its status in society, the Argentine military receives a scant budget with little hope of substantial increases in the short-term. The Argentine civilian leadership has other priorities in mind, primarily economic in nature, and they do not want to expend funds on military equipment. As an exception to this policy, Argentina did purchase 36 A-4M Skyhawks in the mid-1990's from the United States which considered the aircraft excess equipment, and they are being refurbished at the Lockheed-Martin aircraft facility within Argentina. No other major equipment expenditures seem to be on the horizon for this nation.

Brazil is the giant of Mercosur with the largest defense budget in the region-- \$12 billion in 1997.⁴⁷ However, Brazil has been engaged in recovering from a recession during the first half of the 1990's, and adopting market reforms to bolster its domestic economy.⁴⁸ In line with a government wide objective of building-up the economy, the Brazilian military is not planning any major weapons purchases in the near future. "Brazil's military is looking for bargain-priced excess military equipment..."⁴⁹ Upgrades to existing equipment appears to be Brazil's current weapons modernization program to allow it to operate effectively until it has the purchasing power to buy advanced weapons.

If any country in Mercosur had the wherewithal to become hegemony in Mercosur, Brazil would be the choice. However, this country is focussed inwardly

⁴⁷ International Institute for Strategic Studies, *The Military Balance 1997/98*, (London, England: Oxford University Press, 1997), 209.

⁴⁸ Paul Mann, "Sharp Debate Likely Over Latin Exports," *Aviation Week & Space Technology*, 15 September 1997, 42.

⁴⁹ Mann, 42.

attempting to rebuild its economy. Its open engagement with its neighbor Argentina to the south through military exercises does not characterize a country intent on overpowering its neighbors. Rather, Brazil is a nation that wants to progress economically without the added expense of fostering military competition with its Mercosur associate.

Mercosur countries participate in various international arms control and monitoring regimes that preclude an arms race. These arms control and monitoring mechanisms allow for transparency within the military infrastructures of each country and promote mutual understanding of the defense needs of each nation and of the region as a whole. In some instances, these countries surpass the global norm in their candor with their neighbors about planned purchases or other military modifications that could effect the balance of power in the region.

Mercosur member states participate in the United Nations Weapons Registry, which is a global arms monitoring mechanism. The United Nations General Assembly formally instituted the Weapons Registry as resolution 46/36L entitled "Transparency in Armaments" dated 9 December 1991. The weapons registry includes information on arms transfers involving battle tanks, armored combat vehicles, large caliber artillery systems, combat aircraft, attack helicopters, warships and missiles or missile systems. "All States have the inherent right to self defense, as enshrined in the Charter of the United Nations, and consequently the right to acquire arms for their security, including arms from outside sources."⁵⁰ In keeping with the inherent right of a sovereign nation to

⁵⁰ United Nations Disarmament Commission 1996, *Guidelines for international arms transfers in the context of General Assembly resolution 46/36H of 6 December 1991.*, 22 April — 7 May 1996, Official

protect itself, the United Nations Weapons Registry is not an arms limitation measure. The registry is merely a means of promoting transparency in weapons transfers, and the only real verification is that the number of exports equals the number of imports. This is to say, if country A reports exporting weapons to country B, then country B should report importing these same weapons. The United Nations weapons registry is not an arms limitation tool and has no inherent capability in a legal sense to limit the transfer of weapons between nations.

The Organization of American States issued a declaration entitled "Declaration of Santiago on Confidence- and Security-Building Measures" on 10 November 1995 which goes further than the United Nations Weapons Registry in promoting transparency in arms transfers. While the United Nations Weapons Registry is a *de facto* instrument to measure international arms transfers, the Organization of American States declaration incorporates consultation and transparency before consummating the arms transfers and purchases. Consequently, officials from states within the region will have a firm foreknowledge of any arms transfers to other nations in the region and will have the opportunity to discuss items that may be threatening to them.⁵¹ Again, as in the United Nations Weapons Registry, the Organization of American States Declaration of Santiago on Confidence- and Security-Building Measures is not an arms limitation regime but rather it promotes transparency and confidence building in the region. However, the

Record, A/CN. 10/1 996/CRP.3, article 1, paragraph 1. <http://www.sipri.se/projects/armstrade/ACN10.html> (18 Jan 1998).

⁵¹ Organization of American States, "Declaration of Santiago on Confidence- and Security-Building Measures," 10 November 1995, OEA/Ser.K/XXIX.2; COSGRE/doc. 18/95 rev. 1. <http://www.stimson.org/cbm/la/oasdelcr.htm> (31 December 1997).

Santiago Declaration goes much further than merely promoting transparency and confidence building in the area of arms transfers. Some of the recommendations by the member states in the agreement include:

- Gradual adoption of agreements regarding advance notice of military exercises.
- Exchange of Information and participation of all member states in the United Nations Register of Conventional Arms....
- Promote the development and exchange of information concerning defense policies and doctrines.
- Consideration of a consultation process with a view to proceeding towards limitation and control of conventional weapons.
- Agreements on invitation of observers to military exercises, visits to military installations, simple arrangement for observing routine operations and exchange of civilian and military personnel for regular and advanced training.
- Development and establishment of communication among civilian or military authorities of neighboring countries in accordance with their border situation.
- Holding of seminars and courses, and studies on mutual confidence-building measures and policies to promote confidence involving the participation of civilian and military personnel ...⁵²

If the Mercosur member states adhere to these recommendations, and there is every indication that they will, the chance that the Southern Cone will become embroiled in an arms race is unlikely.

South America, specifically the Mercosur countries, has been proactive and led the rest of the world in other arms control regimes. The Treaty of Tlatelolco that bans nuclear weapons has made Latin America and the Caribbean the first populated nuclear weapons-free zone in the world. The Convention on Prohibition of the Development, Production, Stockpiling, and Use of Bacteriological (Biological) and Toxic Weapons,

⁵² Organization of American States.

signed in 1972, and the Convention on Prohibition of the Development, Production, Stockpiling, and Use of Chemical Weapons, and their Destruction, signed in 1992, have legally eradicated the threat of chemical and biological warfare from Latin America.⁵³ Argentina is also a signatory to the Wassenaar Arrangement on Export Controls for Conventional Arms and Dual-Use Goods and Technologies.⁵⁴

With the myriad of weapons monitoring regimes in place in which the Mercosur countries participate, the possibility of a member state unilaterally starting an arms race is remote. In most cases, the Mercosur countries desire to upgrade their defense equipment to an effective and credible standard; the end-state of having the best weaponry in the region is not even a goal. General Wesley K. Clark, the Commander of the United States Southern Command, commented during a hearing before the Senate Arms Forces Committee on 11 March 1997:

During the current United States conventional arms transfer policy of unilateral restraint regarding sale of advanced weapons systems, Argentina, Brazil, and Chile bought the Python IV from Israel. Those countries would have preferred the cheaper and less capable AIM-9M.⁵⁵

The AIM-9M is a United States produced air-to-air missile. The United States restrictive advanced arms sales policy extant at that time did not keep these countries from attaining their desired capabilities. Furthermore, they attained the capability at a higher cost, and ended up with a more capable system than they had originally intended to buy.

⁵³ Organization of American States.

⁵⁴ United States Arms Control and Disarmament Agency, "Fact Sheet: Wassenaar Arrangement On Arms Export Controls." <http://www.sipri.se/projects/armstrade/acdawass.html>. (18 January 1998).

⁵⁵ Senate Armed Services Committee, "Hearing on Military Posture — Question for the Record: Senate Armed Sale of Advanced Weapons to Latin America, response by General Clark," 11 March 1997.

Democracy in No Danger

The armed services of Mercosur are not a danger to democracy. "Nowadays the main threats are sky-rocketing crime, rampant corruption, high inflation, unemployment, and plain old governmental ineffectiveness."⁵⁶ All the military institutions in Mercosur are subordinate to the national civilian leadership. Even the Chilean military, which effectively led the nation into the economic prosperity of the 1990s, has backed away from taking the lead role in the governmental decision-making process.

One popular point of view suggests that in an economic crisis the population will call upon the military to step in and take over from the civilian government in order to institute discipline into the economy of the nation. However, history proves that the predominantly military authoritarian regimes of the late 1970s and early 1980s left Mercosur countries with large debts and destroyed the credibility of the armed services to manage national economies. Chile is the exception. These debts left these countries with enormous inflation rates and high unemployment."⁵⁷

Two decades ago, the biggest threat to democracy within the region might have been the military.⁵⁸ Even so, if this threat existed today, modernization of the armed services' weapons arsenals is not a necessary precursor for a military coup. Military coups do not require modern weapons and huge arsenals to be successful; small unit

⁵⁶ Thomas Carothers, "Democracy," *Foreign Policy*, no. 107 (summer 1997): 11. CD-ROM, Military Fulltext, accessed 25 March 1998.

⁵⁷ Clara Germani, "South America Moves Away From Authoritarian Rule," *The Christian Science Monitor*, 02 February 1986, 16. CD-ROM, Military Fulltext, accessed 25 March 1998.

⁵⁸ Carothers, 11.

actions undertaken with speed and surprise can topple governmental institutions quite effectively. Although military leaders in the past have used tanks and military aircraft to stage coups, neither the age nor the quantity of weapons within their military inventory was a major factor in the success of the coup. Civilian governments in themselves are rarely armed.

Economic Choices — Weapons or Prosperity for the Poor

A nation-state requires a modicum of military forces to establish its national sovereignty in order to enable it to chart its own independent course. Though the nation-state has a moral imperative to raise the living standard of the poorest sectors of its population, it also has an imperative to protect itself from aggressors outside its borders. The United Nations recognizes the inherent national right to self defense within the Charter of the United Nations. Furthermore, in establishing the Guidelines for international arms transfers in the context of General Assembly resolution 46/36H of 6 December 1991, the United Nations Disarmament Commission of 1996 stated:

States, whether producers or importers, have the responsibility to seek to ensure that their level of armaments is commensurate with the legitimate self-defense and security requirements, including their ability to participate in United Nations peacekeeping operations.⁵⁹

The countries of Mercosur are not engaging in a buildup of their military arsenals in excess of their legitimate needs. All indications from the governments of Mercosur are that actual and planned weapons acquisitions are to modernize obsolete weapons to

⁵⁹ United Nations Disarmament Commission 1996, *Guidelines for international arms transfers in the context of General Assembly resolution 46/36H of 6 December 1991*, 22 April — 7 May 1996, Official Record, A/CN.10/1996/CRP.3. <http://www.sipri.se/projects/armstrade/ACN10.html> (18 Jan 1998).

standards that will allow these systems to be effective on the modern battlefield. None of these countries by themselves is capable of becoming hegemonic by virtue of their present military arsenals nor their planned weapons acquisitions.

The addition of modern weapons in the arsenals of Mercosur countries has the supplementary benefit of raising the technological base of the country. Advanced weapons require technically proficient operations and maintenance crews. Personnel trained to operate and maintain these weapon systems usually transport these skills into the civilian sector of the economy after their military service. They introduce high technology skills to the market place and increase the overall technological base of the economic sector. Ironically, advanced technical skill transfer from the military to the civilian sector is at the expense of the military services because the armed services have to train replacements.

BENEFITS TO BE GAINED FROM A MORE LIBERAL POLICY

United States Defense Industry

Latin America will become the leading export market for the United States into the next century. The United States government estimates that by the year 2010, national exports to Latin America and Canada will exceed those to Europe and Japan combined.⁶⁰ The sale of advanced weapons to Mercosur by the United States will be of marginal value in affecting the trade balance within the Western Hemisphere. However, the sale of advanced weapons to Mercosur will have an effect on the relationship the United States has with these fledgling democracies. This relationship should be based on mutual respect and trust rather than on a paternal relationship with the United States playing the role of a patriarch who knows what is best for the countries of Mercosur. A paternal relationship works only if the senior partner holds the only resources required for the junior partner to satisfy his requirements. However, in the global arms market, the United States no longer holds all the resources.

The health of the United States defense industry is not and should not be the overriding factor in determining what the foreign policy of the United States should be for advanced arms transfers to Mercosur countries. The market for advanced arms sales to South America is relatively small. To put the Mercosur market for advanced weapons in perspective, Argentina, Brazil and Chile spent approximately \$16 billion on their total

⁶⁰ United States President, 16.

defense in 1996.⁶¹ Contrast this amount with what Taiwan and Saudi Arabia spent the same year for their defense needs-- \$13.6 and \$17.4 billion respectively.

Notwithstanding, a value-added benefit of a less restrictive advanced arms sales policy to Mercosur countries is that it will help keep some defense jobs in the United States. In an era of decreasing revenues from global defense sales, United States defense industries need to make sales in every available market to survive. The peace dividend after the demise of the Soviet Union has not been kind to the United States defense industry. An estimated 2.1 million jobs were lost in the defense industry because of reduced sales to the United States military from 1987 to 1997.⁶² Ironically, sales overseas will probably not drastically recoup these losses. For example, from 1984 to 1994, America doubled its share of the world market of arms sales from 25 percent to 57 percent but still lost a substantial number of defense jobs. It is important to note that in 1997 while the United States accounted for 55 percent of the world market of arms sales, it accounted for only 20 percent of the Latin American market.⁶³ As price is now a primary discriminator for arms purchases, and the cost profit per unit decreases due to competition, the United States must penetrate all the global markets. "In the future, a large quantity of military equipment is going to be sold not just on its technical merits

⁶¹ United States Department of State, Background Notes: Latin America and the Caribbean -- Argentina (1997), Brazil (1997), Chile (1997). http://www.state.gov/www/background_notes/ (22 December 1997).

⁶² John J. Dowdy, "Winners and Losers in the Arms Industry Downturn," *Foreign Policy*, no. 107 (Summer 1997): 95.

⁶³ Aerospace Industries Association and others letter to the President of the United States, subject: "Latin American Arms Sales," 28 June 1996.

but, increasingly, on the basis of price."⁶⁴ Even so, United States defense sales should not be the primary factor in approving an advanced weapons sale. The primary determinant should be a close review on a case-by-case basis to ensure the buyer is legitimate and that the country has a justifiable requirement for advanced weapons.

Most of Mercosur if given the chance would rather purchase United States weaponry. The prices which the United States defense industry advertises are usually very competitive when compared across the life-cycle of the desired product. There is no doubt that per unit cost of advanced weapons purchased from the former states of the Soviet Union is cheaper than its equivalent from a United States competitor. However, the reliability and quality of an American product is usually better than a like but cheaper weapon from a former communist state. Also, it is not clear whether countries of the Former Soviet Union can provide the spare parts and training required during a weapon's life cycle. Finally, the armed services of Argentina, Brazil and Chile are professional militaries. They have studied the performance of American weapons against those from cheaper producers and, because of these studies, they prefer to acquire United States weaponry.

Other foreign defense industries are competing for Mercosur business. These enterprises have established themselves within the military arsenals of Mercosur countries at the expense of the United States defense industry because of the past United States restrictions on sales of advanced weapons to Latin America. Chile within the past few years purchased 25 second-hand Dassault Mirage 5 fighter aircraft and 100 second-

⁶⁴ Dowdy, 99.

hand leopard tanks from Belgium,⁶⁵ and Israel sold them a Phalcon airborne early-warning system. In addition, Israel Aircraft Industries received \$11 million from the Chilean Air Force in 1995 to convert a Boeing 707-300C into an aerial tanker.⁶⁶

Of all the countries in Mercosur, Chile is the most able to modernize its arsenal in the short-term. Chile is looking in the near future to purchase approximately 24 fighters for its air force. Military officials in the country have stated that they are looking at buying Swedish JAS-39 Gripen or French Mirage 2000-5 fighters, but they would - prefer American-made F-16 fighters.⁶⁷ In a letter to the *New York Times*, the Chilean Ambassador to the United States stated on 27 January 1997 that Chile was not pushing for a change in United States policy. Rather that within the community of nations, "Chile has purchased the arms required for its defense only from those countries that can legally and reliably provide them: Belgium, Britain, France, Germany, Israel, Spain and Sweden."⁶⁸ There appears to be no dearth of countries willing to sell advanced weapons to Chile — at the expense of the United States defense industry.

Control of Spare Parts

The control of spare parts, though not publicly acknowledged, is a venue for the exporter to exert pressure on the importing governments should the need arise. The

⁶⁵ "Toys For The Chicos?" *Economist*, 05 October 1996, 43.

⁶⁶ "Upgrades Supplant New Buys in Latin America," 48.

⁶⁷ Calvin Sims, "Some in Latin America Fear End of United States Ban Will Stir Arms Race," *The New York Times*, 03 August 1997, Sec. A11.

⁶⁸ John Biehl (Ambassador of Chile to the United States), "Chile and Arms," Letter the Editor, *New York Times*, 27 January 1997, Sec.: A16.

United States lost this control measure during the last two decades within Latin America to other foreign producers of advanced weapons. Sophisticated advanced weapons require sophisticated, highly specialized spare parts. These parts are usually only available from the original manufacturer who can afford large enough production runs to sell the numbers required to make a profit by selling to different buyer nations. Accordingly, controlling the flow of these spare parts directly affects the utility of a nation's advanced weapons. A squadron of F-16 fighters sitting on the tarmac unable to fly because of a lack of spare parts is not a force projection tool.

United States Security Presence in the Region

The loosening of restrictions on advanced arms sales to South America, most notably Mercosur, will also have the collateral benefit of securing a United States security presence in the region. The sale of advanced weapons whose per unit cost precludes frequent replacements secures the presence of United States commercial and political influence in a country for years to come. For example, the sale of an advanced fighter usually includes a substantial logistics and training package. The logistics requirements to support this jet fighter will most likely continue for a number of years. Future pilots and maintenance crews may require additional training in the United States. These requirements create an opportunity for the United States, through domestic defense companies and through training courses offered at United States military facilities, to expose foreign personnel to United States values, establish personal relationships with United States military personnel and promote positive civic—military relationships. Through the contacts that arise from the sales of advanced weapons to Mercosur

countries, the United States can influence the future military leaders of countries within Mercosur.

The United States government should not underestimate the importance of military to military contacts, particularly at the junior officer level. Many senior Argentine military officers still speak fondly of their time spent in training as junior officers in the United States and the friendships with United States military personnel if at they made and have maintained. The 1997 National Security Strategy addresses this phenomenon in a broader aspect by stating:

"Through means such as the forward stationing or deployment of forces, defense cooperation...and training and exercises with allies and friends, our armed forces help to promote regional stability deter aggression and coercion, prevent and reduce conflicts and threats, and serve as role models for militaries in emerging democracies."⁶⁹

If the United States chooses to forego selling weapons to those Mercosur countries which have legitimate defense needs, the flow of advanced weaponry to Mercosur will not stop. The world market for advanced weapons is abundant, with numerous nations willing to sell weapons to these countries. Not only will the United States lose sales; it will also lose the potential to influence the military personnel of these Mercosur countries.

⁶⁹ United States President, 8.

UNITED STATES SOUTHERN COMMAND PERSPECTIVE

The United States Southern Command, a unified command in whose area of responsibility Mercosur resides, is optimistic for the future of Latin America. General Barry R. McCaffrey, United States Army, former commander of the United States Southern Command, commented favorably on Latin American regional stability in a prepared statement to the House National Security Committee on 8 March 1995:

The hemisphere is increasingly characterized by democratic governments seeking to build inclusive societies and competitive economies. The military forces of Latin America are also contributing to this process by supporting civilian authority and their rule of law. Human rights are accorded more respect. There is optimism that these gains will not be easily reversed... On our southern flank there is no regional aggressor seeking military hegemony, no specter of regional arms race, nor the grave danger of the development and proliferation of weapons of mass destruction. Our neighbors are allies who, in general, share similar values.⁷⁰

The United States' top military commander within the region felt there was no threat of an arms race, undemocratic form of government or a government which expresses a lack of respect for human rights arising in the Latin America. Within Mercosur, which is arguably more stable than most of Latin America, the likelihood of an arms race or undemocratic form of government taking hold is even more remote.

General Wesley K. Clark, United States Army, who took over the United States Southern Command after General McCaffrey's retirement, continues to express optimism for Latin America. In a prepared question for the record, Senator John McCain (Arizona) of the Senate Armed Forces Committee asked General Clark whether lifting the nearly

⁷⁰ McCaffrey, Barry R., General, United States Army, Southern Command: "Upbeat Outlook, Some Lingering Pitfalls," prepared statement before the House National Security Committee, 08 March 1995. <http://www.defenselink.mil/pubs/di95/di1050.html>> (08 January 1998).

20-year restriction on the sale of advanced weapons to Latin America would contribute or detract from the regional stability. General Clark answered that "Latin American ... militaries have legitimate defense modernization needs."⁷¹ He went on further to comment that a policy of a case-by-case review of weapons sales would help the United States reach its goals of security in the region, and "check penetration of the market by less scrupulous weapons suppliers."⁷²

General Clark did not advocate an unfettered lifting of restrictions on the sale of advanced weapons to Latin America. Rather, he espouses a case-by-case review—the same policy with which the United States deals with the rest of the world. The new policy does not place fewer restrictions on Latin America than on the rest of the world, but rather gives Latin America the same consideration. The Southern Command indirectly ensures that United States advanced weapons sold to Latin America are used in a responsible manner by "working to maintain [Southern Command] engagement with these militaries, to reinforce civilian control, and set the example of well-trained, disciplined forces that respect democracy and human rights."⁷³

⁷¹ Question for the record, Senate Armed Services Committee.

⁷² Question for the record, Senate Armed Services Committee.

⁷³ Question for the record, Senate Armed Services Committee.

THE NEW "CODE OF CONDUCT"

The United States has had a stringent global Arms Control Policy since 1995. The policy is predicated on a case-by-case review of each proposed transaction to ensure that it supports the national security of the United States and our friends, does not enhance the military capabilities of hostile states and does not undermine regional or domestic stability. "The policy supports transfers that meet the legitimate defense requirements of our friends and allies, in support of our national security and foreign policy interests."⁷⁴ The United States policy on arms transfers to Latin America announced on 1 August 1997 brings Latin America in line with the rest of the world when dealing in the realm of arms sales.

Senator John Kerry (North Dakota), speaking for himself and eight other Senators, introduced into the Senate on 24 July 1997 the Code of Conduct on Arms Transfers Act of 1997.

[This] ... bill ... place[s] restrictions on military assistance and arms transfers to governments that are not democratic, do not respect human rights, are engaged in armed aggression, or are not participating in the U.N. Register of Conventional Arms.⁷⁵

A previous version of this bill had passed The House of Representatives in June 1997.⁷⁶ This Code of Conduct, if passed into law, goes further to assure that arms transfers are

⁷⁴ White House Press Release, "Fact Sheet On Conventional Arms Transfer Policy," 17 February 1995. <http://www.thewhitehouse.com> (28 December 1997).

⁷⁵ Senator John Kerry (Democrat, North Dakota), "The Code of Conduct on Arms Transfers Act of 1997," *Congressional Record* (24 July 1997), S8091-S8098. URL: <v> accessed 28 December 1997.

⁷⁶ "Banning Arms for Dictators," *New York Times*, 20 June 1997, Sec: A28.

not merely viewed as national security and foreign policy tools but also as tools for the furtherance of democracy and human rights. The Code of Conduct also highlights that the United States may have to act unilaterally in restraining arms transfers to nations deemed ineligible under this code. In such a scenario, the President would be required to influence third party nations not to sell arms to the offending nation. If this bill is passed, rogue nations would not be able to purchase weapons on the open market from the United States, and other exporting nations would be pressured not to sell weapons to that outlaw nation.

The nations of Mercosur exist within a framework of defense transparency of their own making. One country beginning a unilateral arms race for military superiority would be subject to intense regional and United States pressure to desist. Additionally, the United States would try to influence third nation arms merchants to restrain their arms sales to the offending nation. The scrutiny under which Mercosur countries exist when it comes to advanced arms transfers makes it nearly impossible for one nation to become a regional hegemony. Economic interdependence and coexistence overshadow military imperialism for this region.

CONCLUSION

Previous presidential administrations underestimated the loss of United States arms sales and the control an advanced weapons exporting country has over an importing country. The restrictive advanced arms sales policy extant during that period towards Latin America reduced United States influence in the area. During the last two decades, the United States accounted for only six percent of arms sale to South America. In 1996, the United States accounted for 55 percent of the world market, but the market share of arms sales to all of Latin America was only 20 percent. The area has not engaged in an arms race. Quite the opposite, "...the region has spent the lowest share of its economy on defense of any region in the world."⁷⁷

Most of the territorial conflicts have been peacefully resolved. The few that remain are not in danger of breaking out into an armed conflict. The economic prosperity of the Mercosur guarantees the security of its member states. An armed incursion by one member into any other country would result in expulsion from the economic consortium. Military superiority is not a goal of any country in the region. The countries within Mercosur are primarily interested in replacing and upgrading aging equipment. Every country within Mercosur is a signatory to multiple arms control and verification treaties and agreements. The scope of arms control agreements ensures transparency in national defense issues.

⁷⁷ Aerospace Industries Association and others.

The United States is moving to strengthen its own global arms transfer policy by implementing a stricter code of conduct into law. This code would require the administration to take several factors to include human rights into account before acceding to arms transfer requests. The code also requires the President to act unilaterally to restrict arms sales to a country found in violation of international principles of democracy and human rights. The President is also required to try to influence third party nations to sever arms transfer relationships with offending nations.

In view of the transparency of arms transfers within the region, the voluntary acceptance of arms control and verification measures by the Mercosur nations and the United States' own statutory advanced arms transfer requirements, the nations in this region cannot rearm and renew military hostilities. The United States defense industry will benefit with the easing of the previous restrictive advanced arms transfer policy, and the nations of Mercosur will be able to modernize their armed services.

CHAPTER 5

CONCLUSIONS

Mercosur is the most economically and politically developed group of nations in Latin America. Their economic influence coupled with the emerging political advantage the group holds over the member states in maintaining a democratic form of government ensures the sovereignty of each nation in this consortium. One maverick nation attempting to obtain hegemony by rearming itself in this region is unlikely. The past propensity of the military to take over the government in a crisis is also a phenomenon of the past as evidenced by the defeat of Paraguayan Army General Oviedo during an attempted coup in spring of 1996. What is remarkable is that Mercosur, a bloc formed for economic reasons, had a major hand in subjugating General Oviedo to the Paraguayan civilian led government.

The civilian governments have subordinated the armed services in Mercosur. Even the government of Chile, which is still dealing with General Pinochet, is firmly in the democratic camp with its military supporting the civilian leadership. As democratization has taken place within the region, the military has accepted its new role within the government.

The United States has come to realize, as stated in the 1997 National Security

Strategy, that it must remain engaged within Latin America. The future economic potential of Mercosur should make it a preferred trading partner of the United States. If the United States neglects to engage this economically burgeoning region, other entities such as the European Union are waiting to take its place. Advanced arms transfers to Mercosur by the United States do not signal a rearming of the region. Discreet and well thought out advanced weapons sales do give the United States influence in the military leadership of these countries in order to promote democracy, human rights and positive civil-military relationships. As evidenced by the Carter Administration's arms transfer policy of presumed denial, advanced weapons will still enter the region. However, instead of United States advanced weapons entering the region, foreign competitors will provide the advanced arms. The United States will have squandered an opportunity to influence the security relationship of the region.

Mercosur member states have accepted the responsibilities inherent in the various arms control and verification treaties they have signed. These treaties ensure that nations openly report arms transfers to other countries in the region. Moreover, they surpass the global norm by ensuring the notification to neighboring of impending arms transfers in order to allow for consultation on matters of mutual concern. The possibility that a nation would unilaterally start re-arming without the knowledge of neighboring states is unlikely, particularly in light of the consultations that must occur before the conclusion of arms transfers. Ideally, these consultations would reveal less than honorable militaristic aspirations on the part of the arms acquiring nation.

The Clinton Administration's policy of a case-by-case review of advanced weapons transfers to Latin America, specifically Mercosur, is adequate and appropriate.

This new policy treats Mercosur countries on equal footing with the rest of the world, and accepts them as equal partners in the regional security of the Western Hemisphere. A more stringent advanced arms transfer policy in view of the self-imposed restrictions these countries have instituted to control and monitor weapons coupled with their resolute support for the democracy in the region would only alienate their security policy from the United States. Furthermore, a more stringent policy may allow other foreign powers to become the preferred partners in the region.

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